



APPROVED MINUTES
Idaho Soil Conservation Commission
2270 Old Penitentiary Road
Boise, Idaho

The Idaho Soil Conservation Commission (ISCC) continued its regular, bi-monthly meeting on July 12, 2005 in Lower Conference Rooms 1 and 2 at the Idaho State Department of Agriculture (ISDA) office in Boise, Idaho. Attendance was as follows:

Members:	Bill Whittom, Chairman J. Morgan Evans, Vice-Chairman Gary Grindstaff, Secretary Jerry Reid, Member
Members not Present:	Tom Johnston, Member
Advisors:	Kyle Hawley, Idaho Association Soil Conservation Districts (IASCD) Adolfo Perez, Acting State Conservationist (NRCS)
Advisors not present:	Paul McCawley, University of Idaho (U of I)
Others:	Jerry Nicolescu, ISCC Brenda Thomasson, ISCC Biff Burleigh, ISCC Tony Bennett, ISCC Kathy Weaver, ISCC Kathie Shea, ISCC Adolfo Perez, NRCS Pat Takasugi, ISDA

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Governor
Dirk Kempthorne

Commission Members
J. Morgan Evans
Gary Grindstaff
Jerry Reid
Bill Whittom
Tom Johnston

Administrator
Jerry Nicolescu

Welcome/Announcements

Chairman Whittom called the meeting to order at 8:40 A.M. He welcomed everyone to the meeting.

District Allocations/Asset Report

Kathy Shea distributed copies of the district allocation and district asset report, which affects district allocations. The report indicated the amount of increase or decrease in assets. Shea reminded everyone that districts are allowed to keep three years worth of expenses in reserve. Shea stated that Latah's estimate is her "best guess", as the Latah district has not submitted their Quickbooks files in 18 months. Evans moved to withhold Latah's allocation until August 1 to determine if the reports are received. Reid seconded and the motion carried. All members agreed that all districts need to be brought in line with the financial policy developed jointly by the Commission and the

Association, and with District law. Grindstaff asked if every district had a plan for use of excess funds. Shea reported that there are several districts that have not developed a plan for use of the excess funds. The second allocation will be withheld if this information is not received between November 1 and December 31 of

this year. Reid moved to approve the district allocations. Grindstaff seconded and after a brief discussion, the motion carried. There was a discussion regarding who should send districts letters requesting a plan for how any excess funds are used. It was felt it should be a joint letter from both the Commission and the Association. Grindstaff pointed out that we don't have the authority to draft a letter from the Association, but that we could work with them and stand by and enforce our policies.

Water Quality Program for Agriculture/Conservation Improvement Grants

Burleigh distributed copies of a report detailing the budget and status of the Water Quality Program for Agriculture, funds obligated and disbursed for Conservation Improvement Grants, and funds earmarked or expended for Groundwater Grants. Burleigh stated that because of the accountability the Commission has put into place, the Governor's Office, Division of Financial Management, allowed the Commission to utilize funds at the end of the fiscal year, including funds received for restitution, for on-the-ground projects disbursed through the Water Quality Program for Agriculture. The groundwater grants directly resulted in saving 141 acre feet of water every day during the irrigation season.

Burleigh's report also included an updated on the status of Water Quality Program for Agriculture current projects, projects that were closed out in FY05, and projects that will be closed out in FY06. Reid stated that the north Idaho AFO project has been very successful and asked if other Divisions were looking into implementing similar products. Burleigh stated that there has been some interest and that every Division was welcome to submit proposals.

The grant request of Bob Johnson from the Canyon SCD was presented. Johnson is requesting a \$10,000 grant to assist in converting 30 acres from gravity to sprinkler irrigation to increase irrigation efficiency and enable a more uniform distribution of water. There is no loan request in conjunction with this grant. The District has ranked the project as high priority. Reid asked why some projects are grants and some are loans. Burleigh stated that he didn't have a clear answer for this, just that some people choose to apply for grant money. Grindstaff moved to cut the amount of the grant to \$5,000 and encourage Johnson to apply for a loan for the other \$5,000, if he qualifies. Evans seconded and the motion carried.

Agency Reports, continued

ISDA Report

Takasugi presented his report to the members. He suggested that the Commission needs to get their house in order. He stated that the legislature will be looking at efficiencies and that this year will be tight. The loss of the one percent sales tax will make things difficult. He feels that the legislature will be looking for every chance to save money and will be expecting more accountability. Takasugi stated that general fund monies will be looked at very closely, especially when it comes to how funds are disbursed. He anticipates big changes in JFAC.

The Department will be taking a more aggressive role in promoting agriculture in the state. Even though technology plays a big role in Idaho's economy, agriculture is still the largest economic force in the state. Wayne Hoffman has joined the staff as the special assistant to the Director. Takasugi will be listing the acreage burned in both Washington and Oregon to get the word out that Idaho is not the only state that uses field burning. Grindstaff asked if Takasugi will be including reports on what the Forest Service burns. Whitton commented that street sweeping produces more airborne pollutants than grass field burning.

Takasugi sits on the agriculture air quality task force, chaired by NRCS Chief Knight. Because of this, he is very aware of agricultural air pollution issues. He stated that the two areas growing the most in dairies are Idaho and New Mexico. Takasugi is learning many things about air quality. He had asked to be part of the task force primarily because of the smoke issue, but also because of the odor issues from dairies in the Magic Valley.

ISDA will be more aggressive in pursuing and securing federal grants, particularly for air quality, water quality, noxious weeds, and invasive species. Federal grants will be audited from Washington D.C. Accountability issues will be important. Legislative audits can also be quite intense. As federal grants are requested, protocols for accountability will also be put in place. Evans stated that the Forest Service basically only pays lip service to the noxious weed issue in his area. Takasugi thanked Evans for his comments and stated that he needs to know if there are non-players in the cooperative weed management areas. Weaver stated that there needs to be outreach to Realtor developments to help make them aware of the problem of noxious weeds. Grindstaff stated that this should be a county responsibility and that the weed management areas should receive funds from the Forest Service to spray those lands. Some counties also do not spray weeds in a timely manner. Grindstaff explained the process that County Commissioners have to go through to enforce the complaints about noxious weeds.

Takasugi has recently sent a strong letter to his counterpart in Utah regarding the problem of noxious weeds along the Idaho/Utah border, particularly Dyers Woad. In the past, Utah's program had been virtually non-existent. Idaho is putting a lot of resources into this effort and is sharing the responsibility with our neighbors.

Wetlands will be revisited as health issues in the near future. Immigration is also going to be a big issue, along with labor laws, which will affect ag, recreation, hotels, restaurants, construction, and other areas. There is an issue in the northern portion of Ada County because of loss of livestock to black fly. Grindstaff stated that black fly is an issue in Twin Falls County as well. Takasugi is looking at parallel language in Idaho Code to create a black fly abatement district.

The seed indemnity fund has just passed the one million dollar mark and has had great success with this program. This fund, along with the commodity indemnity fund, has helped keep the bad actors out of Idaho. Because of these two indemnity programs, Idaho has one of the cleanest slates of contracting companies for our producers. Reid asked if a certain level of funds triggered a stop in the collection of fees. Takasugi

stated that this never stops, but the assessments will taper off as the fund pool grows. The economic climate is good for both the companies and the producers. They are also looking at a way to create an indemnity fund for the farmer's market type businesses.

Agriculture has a couple of ongoing investigations, one in the area of water quality, one with pesticides. We will be hearing about those kinds of investigations. Third party lawsuits might be a problem in this case. Takasugi encouraged everyone to do the right thing and to be careful, particularly with pesticides. EPA's Office of Enforcement and Compliance will take precedence over the State's inspectors, if they feel the need.

The smoke management program will start up again in August. There is only about 1,000 acres in the Rathdrum Prairie. The program has been a good program. There is a slight bump in the road in dealing with Tribes. EPA gave the authority to the Tribes. The Tribes, in turn, gave that authority back to EPA. The NezPerce Tribe has been a bigger issue than with the Coeur d'Alene Tribe. Because the Tribe is a sovereign nation, Takasugi is somewhat out of the loop on dealing with tribal issues.

The issue with BSE has been rather insignificant and has not affected prices much. The heard from which the cow came has recently been cleared. BSE can be naturally occurring, and if enough testing is done, it will be found. There is still much unknown about BSE. Trade issues have been most affected by this issue.

Takasugi stated that the world is ripe for a pandemic, which could come from avian influenza, both high path and low path. Health services in Asia are different than those in the USA. Lack of information and scientific concern about pandemics could occur in our lifetime. The biggest issue is not how many birds are killed, but the fact that it passes to humans. Weather and climate phenomena is also highly unusual, the six year drought in the West are also factors to be concerned with. Water conservation is very important.

Discussions have begun with congressional staff regarding the 2007 Farm Bill. The subsidy side of the farm bill will undergo severe scrutiny. A Conservation Security Program is very expensive and as more farmers and ranchers take part in the program, it could be a budget buster. Takasugi sees CSP as something that will be debated because of its cost. Crop insurance is being heavily discussed. They will also be looking at options for rural development.

Grindstaff asked about the issues the Department has had with nutrient management plan sampling and asked if funding would be coming from the legislature. Takasugi stated that funding will be an issue, and that most of the sampling is being handled through the Department's Quality Assurance Lab in Twin Falls.

Takasugi stated that the Commission should look at handling funds through watersheds and air sheds rather than on a regional basis.

RCRDP Loans (Continued)

Randy Bertignoli

Mastin received a request this morning from Randy Bertignoli for an increase in his loan amount. The amount of the loan would be \$87,200, an increase of \$20,000 over what

was approved in April. Grindstaff moved to approve. Reid seconded. Evans stated that he has looked at the property since the date of the loan and that in his opinion, the property is not worth what Bertignoli's assessment stated. Evans stated that we should be very careful with this loan request. Mastin stated that the payments would be around \$7,000 annually. The property value would be increased by the addition of the pivot and the loan is secured by a first mortgage on 94 acres and the pivot. The land today is probably worth \$500.00 an acre and would be worth about \$1500 per acre with the pivot. Mastin stated if the property value was decreased to \$1,000 per acre, the value would be over what is allowed by Commission guidelines. Bertignoli is requesting the additional funds for increase in costs. After conclusion of the discussion, the motion was denied and the loan remains at \$60,100.

FY06/FY07 Budget Discussion

Nicolescu reported on the meeting with the Association and the FY06 budget. Changes will be made in how the Commission handles funds in the 06 and 07 budgets. We will also be requesting changes in how we request TSP funds. There is a built in overage in the PC budget of approximately \$24,000. Nicolescu will distribute these funds as increase in compensation to staff. Nicolescu just provided a substantial increase to staff engineer, Bill Lillibridge, who has just received is P.E. designation, to keep him on board. Nicolescu will work with DFM and DHR to provide increases in salaries to those employees identified as being the most deserving, either because of outstanding efforts, or because of a need to move them closer to the mid-point of their salary range. TSP will be reduced in the spring to avoid a situation where funds are earned that cannot be expended. We will continue to readjust how we do things to be better money managers.

SCC Staff will be working with ISDA staff to reallocate funds in PCAs to have a better understanding and better opportunities to expend the funds. Nicolescu stated that Thomasson's responsibilities for budget development, tracking and expenditure will increase and that he will continue to focus Mastin's efforts on managing and marketing the loan programs. Reid wants to ensure that we do not loose any funds out of the loan program. There is a possibility of formulating legislation to address the possibility of changing fund sources to reallocate funds from the RCRDP program.

There was no indication from the Governor's office that funds would be removed from the loan program to begin the CREP program.

Whittom stated that he would like to have an Executive Session to discuss the NezPerce issues.

Nicolescu asked that he be allowed to report on his meeting with the Association before entering into Executive Session. He reported that he had a good discussion this morning with the Association regarding accountability issues for Districts. Jim Yost, from the Governor's office, feels that the Association should have been taking a stronger stance in dealing with District issues, such as the NezPerce issue. Nicolescu feels that the accountability the SCC has with the Governor's office is strong, but that the accountability of Districts still needs some work. The Association agrees that Districts

need to be accountable and that Districts who have excess funds need to provide a plan for those funds.

Latah District made a presentation to the Association this morning regarding how indirect costs are viewed by the Commission. The Board may be submitting a letter asking us to consider this request, work with ISDA's fiscal section and provide more accountability. Reid stated that the indirect cost issue has been previously discussed and that he doesn't understand why we would accept less accountability when we are requested to provide greater accountability. Nicolescu stated that he feels it would be in our best interest to do some additional research and allow the Latah District to provide the SCC with another presentation on indirect costs. He wants to ensure that we have a very good understanding of indirect costs before any decisions are final. Reid stated that the Commission does not want to give up any of the authority it has under District Law. Nicolescu does not feel this is the intent of the Association, merely that the Association take a more active role in policing their own activities. Nicolescu is meeting with Latah this afternoon to discuss this action further.

The Commission has received a request to consider raising the indirect costs paid to the Association on three specific contracts the Commission has with the Association. These three contracts are for technical assistance through the SCC, technical assistance through ISDA and the assistance provided for the Executive Director position. The Association would like to raise the indirect cost from five percent to ten percent. Those contracts need to be renegotiated and resigned this year. Nicolescu feels that we need to lay the groundwork this year and bring this increase about slowly. He feels that the simplest way to start this is to allow the Association to bill for the amount budgeted for SCC technical assistance, which is currently \$205,000, a 4.9% increase. He also feels that an increase of 5% should be built into the ISDA contract, along with a 3% increase to the Executive Director's agreement.

Evans stated that he feels a five percent increase is out of line without any prior planning. Nicolescu assured the members that he has had the discussion with Foster about the amount of this increase and that increases should be built into future budget requests. Nicolescu feels that this slight increase can be absorbed this year until we have the opportunity to study the issue further. Grindstaff stated that facts and figures are needed before a final decision can be made.

Reid asked about the funding for the PIO position. Nicolescu stated that this will be a discussion held with ISDA. ISDA will be requesting an increase in the indirect costs paid to them for overhead costs which will probably amount to the same amount of funds as what the Commission expends for the PIO position. Grindstaff stated that Jody Fagan did a great presentation on what could be done for a shared PIO position. Reid stated that a PIO is needed and that currently, we do not have a person in that position. There could be some good things happening in that area. There has not been discussion with the Association as to whether or not they have funds for a PIO position. Nicolescu stated that we need to take a moderate position on this issue. He feels that we may need to reallocate the duties of different positions to accomplish this goal. The Association is encouraging Foster to hire a full time assistant, rather than a part-time assistant, to help accomplish some of these goals. Perez stated that there is some TSP money available for public information assistance and that different avenues need to be explored. Reid stated that since we are already expending the funds and not getting anything out of it, we should be getting something for our money. Burleigh

stated that we are doing tremendous work in the field, but that no-one ever hears about it. He also stated that most of the improvements in water and air quality will come through voluntary improvements, but it is the regulatory actions that grab the headlines.

Nicolescu stated that he appreciates Fagan's proposal and supports her efforts. He feels that it gives us an opportunity to look at different ways of utilizing her position.

For the FY07, Nicolescu would like to request an increase in the amount of money allocated to Districts and he would also like to request additional funds, approximately \$20,000, to support Carbon Sequestration. Tony Bennett has done a good job of getting us into a position to participate in national activities. Nicolescu will also ask for replacement vehicles, outside of the realm of TSP.

Election of Officers

Reid moved to elect Evans as Chairman. Grindstaff seconded and the motion carried. Evans asked the status of the appointment or re-appointment of Commission members. Nicolescu stated that he has had several discussions with the Governor's office regarding appointment of Commission members. Evans accepted the Chairmanship and thanked Whittom for his work over the past term. Reid moved to nominate Grindstaff as Vice Chairman. Evans seconded and the motion carried. Evans moved to nominate Reid as acting secretary, at least until Commission members are appointed. Grindstaff seconded and the motion carried

Weaver asked Nicolescu if there had been any other discussions with the Governor's office that the Commission needed to be aware of. Nicolescu assured the members that recent discussions with the Governor's office have been favorable. Reid stated that he feels that the Commission has never had a higher standing with the Governor's office than we have had right now. Reid stated that he feels Nicolescu deserves much credit for the improved relationships with the Governor's office.

Grindstaff moved to enter executive session to discuss personnel matters pursuant to Idaho Code 67-2345, Evans seconded. Grindstaff – aye, Evans – aye, Reid – aye. Motion carried. Entered executive session at 11:35 a.m.

Whittom declared the Commission out of Executive Session, and with no further business to discuss, adjourned the meeting at 12:45 p.m.

Respectfully submitted by Brenda Thomasson, Management Assistant.

